

Message Text

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ORIGIN EA-09

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TREASURY/O/ASIA - MRS. FROST

----- 040712

R 130114Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: CPRS, EINV, ETRD, BEXM, ID

SUBJECT: P.T. BAUD CLAIM

1. ON MARCH 3 DONALD S. DAWSON, IDENTIFYING HIMSELF AS SPECIAL COUNSEL TO SEA OIL AND GENERAL CORPORATION, WROTE TO SECRETARY SIMON IN HIS CAPACITY AS CHAIRMAN, COUNCIL ON INTERNATIONAL ECONOMIC POLICY (CIEP). DAWSON'S LETTER REQUESTED THAT CIEP "TAKE OFFICIAL COGNIZANCE" OF SEA OIL'S CLAIM AND "INSTITUTE APPROPRIATE ACTION IN ACCORDANCE WITH STATUTES OF U.S. AND POLICY OF USG AS ENUNCIATED BY PRESIDENT". AMOUNT OF CLAIM HAS BEEN RAISED TO 28,648,716 DOLS. DAWSON'S LETTER CHRONICLES SEA OIL'S "UNREMITTING EFFORTS TO ACHIEVE A JUST SETTLEMENT WITHOUT SUCCESS," CONCLUDES THAT SEA OIL "CAN DO NOTHING FURTHER", AND THEREFORE REQUESTS USG TO "TAKE ACTION TO TERMINATE ECONOMIC BENEFITS TO GOI...UNTIL ADEQUATE AND EFFECTIVE COMPENSATION IS MADE..." DAWSON HAS EVIDENTLY ALSO CARRIED

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SEA OIL'S STORY TO CONGRESSMAN MORGAN AND SENATORS

INOUE AND SPARKMAN.

2. ASST SECY GREENWALD, IN HIS CAPACITY AS CHAIRMAN OF CIEP INTERAGENCY COORDINATING GROUP ON EXPROPRIATION, REPLIED TO DAWSON BY LETTER ON APRIL 6. LETTER ADVISED DAWSON THAT SEA OIL CLAIM HAS BEEN UNDER CONTINUING REVIEW

OF EXPROPRIATION GROUP, THAT GREENWALD REVIEWED SEA OIL CLAIM AGAIN WITH GROUP MEMBERS AFTER RECEIPT MARCH 3 DAWSON LETTER, AND THAT IT IS GROUP'S JUDGMENT THAT "RESORT TO ARBITRATION MIGHT BE HELPFUL" IN THIS "SEEMINGLY" "INTRACTABLE DISPUTE". GREENWALD RECALLED FOR DAWSON THAT ,BOTH HICKENLOOPER AND GONZALEZ AMENDMENTS ENDORSE ARBITRATION AS ONE OF ALTERNATIVES WHICH PARTIES...MIGHT PROFITABLY PURSUE IN ORDER TO RESOLVE THEIR DISPUTE AMICABLY".

3. GREENWALD LETTER TO MORGAN STATES DEPARTMENT WILL KEEP SEA OIL CASE UNDER CLOSE REVIEW AND WILL TAKE APPROPRIATE ACTION TO "ASSURE SEA OIL IS TREATED FAIRLY AND TO ENCOURAGE PARTIES TO SEEK A MUTUALLY SATISFACTORY SETTLEMENT".

4. COPIES OF ABOVE THREE LETTERS BEING POUCHED.

5. TREASURY IS RESPONDING IN SIMILAR VEIN TO INOUE AND SPARKMAN LETTERS AND MAY SEND SEPARATE LETTER TO DAWSON. TREASURY HAS TAKEN GENERAL POSITION WITH SULLIVAN ON TWO OR THREE OCCASIONS THAT IF SEA OIL TAKES INITIATIVE TO PROPOSE ARBITRATION TO GOI, USG WOULD FIND IT EASIER TO RAISE MATTER WITH GOI, TOO, AND TO IMPRESS ON GOI IMPORTANCE WHICH USG ATTACHES TO GOI PROMPTLY TAKING A STEP TOWARD RESOLUTION OF THIS HIGHLY COMPLEX CASE.

6. WE SUGGEST THAT EMBASSY ADVISE APPROPRIATE GOI OFFICIALS CONCERNING NATURE OF USG REPLIES TO DAWSON. HOPE SHOULD ALSO BE EXPRESSED TO GOI OFFICIALS THAT THEY WILL FIND IT IN GOI INTEREST TO RESPOND AFFIRMATIVELY TO ANY REASONABLE SEA OIL PROPOSAL TO ARBITRATE. KISSINGER LIMITED OFFICIAL USE

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